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Arms Control: [The US-USSR draft seabeds treaty has run into significant problems in both Geneva and New York.]

[Ottawa has presented a working paper at the Geneva disarmament conference designed to revamp the treaty's verification procedures. The Canadian text provides for the inspection of seabeds installations after giving notice. The bilateral draft does not refer to inspection and states that the right to verify must not infringe the freedoms of the high seas. Ottawa also opposes giving the nuclear powers a veto over amendments to the treaty. Italy supports the Canadian contentions and cites the commitment of the two superpowers to strict and effective international control in their 1961 statement of agreed principles.]

[Brazil has indicated that it will soon offer at the Geneva talks its own verification scheme giving a coastal state coparticipation rights in any observations for treaty compliance within 200 miles of its shores. Such a proposal would raise complex questions concerning the Law of the Sea and seriously complicate the negotiations. It reflects a concern that advanced nations could exploit the natural resources on the continental shelves of less advanced countries in the guise of verification activities.]

[Meanwhile, Afro-Asian members of the UN committee that has been considering the peaceful uses of the seabeds have reportedly decided unanimously to oppose any effort to bypass their committee in an effort to obtain General Assembly endorsement of the treaty. They fear that an inadequate treaty will be rammed through the UN and cite the Nonproliferation Treaty endorsement as an example of the superpowers' pressure tactics. The consideration of the seabeds treaty by this committee would tend to fragment debate into several forums and could hamper prospects for UN endorsement.]

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France: The formation of a new commercial group to sell uranium marks an attempt by France to become an important supplier.

Sale of uranium by the new group, called Uranex, will begin immediately. The operations of Uranex will be heavily guided by the French Atomic Energy Commission, which is one of its three members. The French will market uranium from their processing facilities.

France currently is negotiating an agreement to supply the Japanese with at least 10,000 tons of uranium over a ten-year period and has just signed an agreement in principle to supply at least 1,500 tons to Sweden. The French expect to conclude contracts with other countries.

France controls more uranium deposits than it will need in the next few years, but continues to explore and acquire uranium deposits around the world in an effort to secure uranium supplies in as many countries as possible. In addition to its own deposits, France now owns or controls uranium deposits in Gabon, Niger, the Central African Republic, and Madagascar. It has exploration agreements with Indonesia and Iran and is negotiating with Brazil to exploit deposits in that country.

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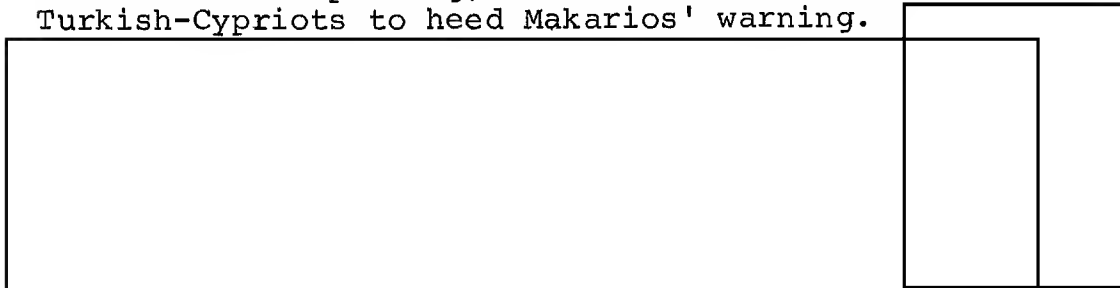
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Cyprus: Recent statements by Makarios could increase communal tension on Cyprus and lead to revived Greek and Turkish involvement in the dispute.

The Turkish-Cypriot press has reacted sharply to Makarios' recent statement ruling out "further concessions" to the Turkish-Cypriot side. The tone of the Turkish-Cypriot press comment was more vituperative than it has been since the crisis of late 1967. The nominal leader of the Turkish-Cypriot community, Dr. Fazil Kuchuk, has also criticized Makarios' recent line, although in more temperate terms.

Makarios has been touring the camps of the Cyprus National Guard warning of Turkish-Cypriot military preparations. As in the period of growing tension before the 1967 confrontation, Makarios has again openly called on mainland Greece for support. In Athens, where the press has made almost no comment on the Cyprus problem since 1967, several papers have resumed reporting, and one has advised the Turkish-Cypriots to heed Makarios' warning.

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Tunisia: The worst flood damage in Tunisian history is threatening to worsen the country's chronic trade deficit.

Rains during the past two weeks have washed away railroad beds, bridges, and roads in central Tunisia. Almost one half of the olive orchards now are inaccessible, and shipment of phosphates between the midwestern mines and Mediterranean ports has been suspended. Together, phosphate ore and olive oil provide about one third of Tunis' export revenue.

If phosphate ore exports are resumed in two months, as seems likely, Tunisia will be able to recoup its revenues from this source. Prolonged delay, however, in either harvesting the olives or in moving the phosphate ore for the production and export of phosphate fertilizer would seriously decrease export earnings. Phosphate fertilizers compose 12 percent of Tunisian exports.

Estimates of the total flood damage are not complete, but damage to transportation and communication facilities has been put at \$6-7 million. Pollution of the water supply in Sousse, a major tourist center, may add to foreign exchange losses.

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USSR-Algeria: A Soviet economic delegation has arrived in Algeria to participate in the first session of the joint commission for economic, scientific, and technical cooperation. The mission, which is headed by the highest official in Moscow's economic aid programs abroad, probably will attempt to give momentum to the lagging Soviet aid program in Algeria. Although a number of small dams have been completed and petroleum exploration and drilling operations are continuing, many of the projects under agreements of 1963-64 are still only in the early stages of construction. In 1968, the USSR improved its relations by concluding a long-term agreement to purchase Algerian wine and petroleum and by providing additional military aid.

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Czechoslovakia: The sudden imposition of travel bans will cut off an escape hatch for those Czechoslovaks who fear retribution for their activities last year. The severity of the restrictions shows the determination of the Husak regime to reassert its control and indicates the increasing strength of the ultraconservatives. They have argued that relaxed travel regulations were working against stability in Czechoslovakia while favoring domestic and foreign anti-Communists. The measure also includes "temporary" restrictions on foreigners seeking to enter Czechoslovakia. This will probably last through the winter. Next spring, however, the regime may well relax its visa policies to encourage tourism which has been a lucrative source of hard currency.

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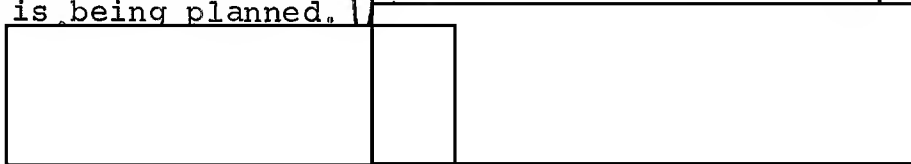
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Tanzania: [Officials on the island of Zanzibar, including Tanzanian Vice President Karume, the island's ruler, have become jumpy about a possible coup on the mainland. President Nyerere is visiting the Soviet Union. Acting on vague reports that something was afoot in Dar es Salaam, the erratic Zanzibaris almost sent troops to the mainland, but instead sent intelligence and police officers to investigate. There is no evidence from Dar es Salaam itself that a coup is being planned.]



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